# MAY LOSE

Report Submitted to 210 Hawaii Shareholders of Hidalgo Plantation & Commercial Company Shows Deplorable State of Affairs, With Apparently Little Hope For Saving Anything From Wreck.

(From Toesday Advertiser.) Two hundred and ten Hawalian shareholders in Hidalgo contributed \$849,200 for acrenge-shares, and out of this \$215,-000 was paid Brainerd Smith in commissions for placing the stock. The company was investigated by The Advertiser back in 1900, when the stockolling campaign was in full blast. While it was at that time believed that the company was not a legitimate enterprise, San Francisco attorneys to circle whom the investigation was referred reported that the promoters were neting within the law. If the affairs of the company had been more thoroughly exposed eight years ago, Hawailan investors would now be nearly a million

At the shareholders' meeting yester-day a committee was appointed to de-termine whother anything can be done to save any part of this investment and flud out the legal status of the Hidalgo shareholders in Mexico. C. G. Heiser shareholders in Mexico. C. G. Heiser Jr. said that if \$600,000 were put up to take up a blanket mortgage covering all these properties, which mortgage matures June 30, something might be done. There might also be other ways of doing something, by bond issues or otherwise.

D. P. R. Isenberg said that it was all gone and there was no use sending good money after bad. Others were not so sure and wanted the situation probed

Investigation Committee Reports. The committee of investigation formed at the time the shareholders of the Hidalgo Plantation and Commercial decided to send Charles G Heiser Jr. to Mexico to investigate the company's affairs, reported as follows:

'It may not be considered in the
province of the committee of sharehold
one with which Mr. Heiser was to oppsult to make any comments on the re-sult of Mr. Helser's investigations as outlined in his report, but the following conclusions arrived at by the commit-tee may be helpful to the shareholders present in deciding what action they wish to take.

First .- It would appear to the com mittee that to work out a scheme of reorganization will necessitate considgrable expenditure, as there are many parties interested who would have to consulted, first class legal counsel would require to be obtained, and it would require to be obtained, and it would appear that some qualified person would be required to visit Mexico and consult with Mr. Harrison and the secured creditors there, and possibly also to look into certain legal matters in that country. All this and a great deal more would likely require to be done before a satisfactory scheme of reorganization could be worked out, but unless the shareholders are prepared to go to the expense of having an attempt to reorganize there does not seem hope of saving what they have

Second -Provided the shareholders Second.—Provided the shareholders are disposed to put up money for the purpose of attempting to work out a plan of reorganization, are they propared when such a plan has been formed, to put up a large sum of money—how large it is impossible to say at present, but it would look as if it would require several hundred therease. require several hundred thousand dollars to carry through any plau which may be formed.

Consideration of these two points

may assist a shareholder in making up his mind as to whether he is prepared to participate in a scheme of reorgani-

Remarkable Document.

Mr. Heiser's report, which was read to the shareholders yesterday afternoon, is in many respects a remarkable docu-ment. It recites in great detail the complicated sinnosities of what appears to be one of 'the greatest film flam games ever worked on Hawaiian investors. As brought out by John Fleming in the discussion which followed the reading of the report, the Hidalgo "shares" are simply certificates entitling their helders to a share in future profits if made. The Hawaiian share-holders simply loaned their money to an inside coterie of stockholders to an inside coterie of stockholders to operate with, and the inside coterie mortgaged all the real property, leaving the stockholders in the Hidalgo and Zacualpa companies in the position of

nia, but, owing to a Mexican law which prohibits a foreign corporation holding an shareholders were not represented,





belonged to the corporation or inner

The acreage certificates of Hidalyc carry an interest in an unfivided area of one acre of rubber and one acre of coffee and also a proportionate interest but no equity in the unplanted areas. "Hidalgo Extension" certificates and La Zacualpa No. 2 were different from either of the preceding.

History of Harrison Properties.

Shareholders will note," says the report, "that the first company formed be O. H. Harrison was the La Zaceanly. Rubber Plantation Company, incorpor ated September 8, 1899. Splendid returns were being anticipated from the property about the time Hidelgo was formed and about two years later in paid. The company, nevertheless, was compelled to borrow money from its in ception and while the dividends were tually made so far as the production of rubber was concerned, the compan-had to increase its borrowing in orde distribute the rante.

"By the time Hidalgo Plantation and Commercial Company was formed in March 1904, the La Zacualpa Rubber in March 1904, the La Zacualpa Rubber Plantation Co. (No. 1), had obtained large sums of money in this manner and funncially (Zacualpa No. 1) was at this time already in a dangerous position.

10. H. Harrison admitted that the Hidalgo Plantation and Commercial Company was formed largely upon the hope that the prufits decruing to the stockholders (not shareholders) would be sufficient to make up for their losses sustained on the La Zacualya No. 1 sustained on the La Zacualya No. I project and enable them to clear this

mpany of debt. "Consequently the Hidalgo Planta-tion and Commercial Company was im-mediately brought into close touch financially with Zasusipa No. 1. The pro-ceeds of the shares sold at prices pur-posely made relatively high instead of heing devoted to the purpose for which they were intended, were used to pay sang obligations and interest on indebteduess of Zacualpa No. 1.

"Apparently it became evident that the profits from Hidaigo would be insufficient to allow the promoters to rehabilitate their finances, so on February 21, 1905, the La Zacaalpa Plantation Company (Zacualpa No. 2) was started and the heavy sums received from the sale of its shares also went into the common fund, to be used for paying claims absolutely necessary of adjust-

ment. "'4 would be difficult to follow all these operations, for money was needed, the first source available was drawn upon and this method has been continued up to the present moment. shorough acquaintance with the facts, however, is necessary and this may only be secured through a comprehensive statement of actual happenings which follows:

Harrison's Connection With Companies "O. H. Harrison the original owner of nearly all the coffee plantations forming a part of these organizations and since the incorporation of the companies the managing head, has treated a physical or financial anture pertaining to these organisations.

Methods Followed.

"It naturally follows that at the present time the interests of the several companies are so interwoven that the debt now existing against the properties has necessarily to be treated as an obligation of all the companies. The proportion of debt applicable to each corporation is vague and cannot be ascertained with any degree of accuracy. "It naturally follows that at the certained with any degree of accuracy large scale with no precedent, so far as without a complete audit of the books O. H. Harrison knows of, and certainly from the formation of Zacuslpa No. 1. he fellowed none in his operations.

Mr. Harrison's personal books have "The defects in the organization, been used in conjunction with those of combined with numerous errors in judy

"O. H. Harrison excuses this contitle to land within 60 miles of the dition of lause accounting methods shareholders in time to have permitted frontier separate Mexican companies with the statement that during the contier to have taken action and perhaps were formed for each. In the formation tract period if was purely the combinate averted what now seems almost a pany's affair and that details were not complete loss." deemed essential until shares matured. incorporation being made in the name "All expenses of the Tapehala of A PARENT'S DUTY.

of O. H. Harrison, H. W. Smith and fice and the interest on all indebted Your boy is always getting scratched others." Harrison also incorporated a ness is treated as a charge against the large of the la

pears to be largely made up of pro-portionate interest on loans, losses aus-tained through not being in a position to market its coffee crop to the best salvantage, inefficiency in caring for young planted coffee and in harvesting brought about through lack of labor and to numerous leaks, all of which may be attributed to the fact that funds were divorted from financing the company's activities. If Hidalgo had been handled as a separate and distinct rs to be largely made up of been handled as a separate and distinct unit, I hardly believe its finances would

nait, I hardly believe its finances would be in their present deplorable condition. "The books of all the companies enr-ry two accounts with O. H. Hardson, a personal and a banking account. To the latter is credited all monies re-ceived from O. H. Hardson, while all sums drawn by him and used for com-ranges operations are charged.

paules operations are charged, ..... "The only method of securing the smount of debts is by taking the bal-

amenint of debts is by taking the balance on this account, so that the debt stands on the books of the companies as due Mr. Harrison, se having in turn borrowed it claewhere.

"Mr. Harrison states that he would have made known the true condition of affairs earlier, only he felt that sooner or later the price of the two commodities would improve and that somethow he would be able to eliminate the debts.

This seems to me could never have happened, for once in debt the only method by which the companies ould have cleared themselves would in the price of rubber would have un-

of this large investment.

quiring heavy expenditures of capital, but in the event of the estimates proving in error, what financial responsi-bility could be attached to a corpora-tion with no capital for its inability to live up to a contract!

divided acre of coffee,' but does in no way state that title to this land will he conveyed to shareholders or to a trustee for shareholders. It would plantation shareholders, sppear that the most liberal construcappear that the most liberal construc-tion possible to put on this contract is that it constitutes a declaration of trust and an appropriation of the lands to the uses and benefits of shareholders. Just what legal weight this would carry I am unprepared to state.

Eights of Shareholders.

"As the titles to the lands and properties are vested in the inside corporation, these are recognized as assets by forming a part of these organizations and since the incorporation of the company and accepted as security on loans by banks and bankers in Mexico, on loans by banks and bankers in Mexico. Apparently the shareholders are unknown in Mexico, or if known are used for the benefit of the other, borrowing on the mests of one to finance the operations of the other. Has consulted no one in his activities and has ruled us an autocrat in all matters of a physical or financial unture pertaining to these organizations.

The bylaws are recorded in Mexico and in California, and this, I believe, constitutes the only legal evidence of a southern the corporations and stitutes the only legal evidence of a southern. That portion of the hylaws are incorporations and situtes the only legal evidence of a southern the corporations and stitutes the only legal evidence of a southern the corporations and stitutes the only legal evidence of a southern the corporations and shareholders. That portion of the hylaws are feeded in mexico and in interest from coffee carnings, leaving a net investment of only \$099,342; the bank at \$1,465,375.

Substantial Equity Remains.

"Admitting the dark side of the report; that the management had been report; that the management had been reports." contract as it appears on the back of the share certificate.

Prompt Action Can Save Muddle Assets of Mexican Enterprise for Hawaii Investors, Is Opinion of Boston Capitalist Now in Henolulu.

(From Wednesday Advertiser.) Prompt action, a little nerve and letermination on the part of the stock holders to get together will result it saving the investors \$500,000 or morwhich the residents of this Territor; have placed in the Hidalgo Plantation nave been been through ameasment to & Commercial Company, according to inside stockholders. Any increase T. A. Rippey, a capitalist of Boston who is one of the heavy stockholders der the share agreement have accrued who is one of the heavy stockholders to shareholders, and the same argument in the concern. Mr. Rippey has been

Harrison properties under similar conditions amounts to the large sum of \$4,523,246.51," continues the report.

'This company did not even allow representation on its board of directors to shareholders, so that in no way have shareholders been in a ponition to secure information as to the expending of this large investment.

'If the reporter who worked up the

any contracted to enrry Hidalgo sancaling who worked up the upon playing up at all costs the sen-sational and the destructive he would

live up to a contract! No bond or guarantee was ever executed by which shareholders might recover.

"A certificate in Hidalgo reads 'Bepresents for each share wild one undivided here of rubber and dependent on the largest enterprise of the kind in Mexico, if not in the world, nuder one manugement. world, under one management. "Second. That the management had complied practically to the letter

with all its share contracts with its "Third, That it had created upon Third. That it had created upon land formerly pure jungle these great properties on a bank valuation made during a period of civil war in Mexico worth \$3,432,345 gold. This bank appraisal was made by the Banco Hepotecano of Mozico City, the Credit Foncier? of Maxico Foncier' of Mexico, corresponding to the 'Credit Foncier' of France, a most

conservative financial institution.

Fourth. It would have found that the value of Hidalgo holdings according to this appraisal is \$1,465,375.

'Fifth, It would have found that the total amount paid in for shares in

report; that the management had been after we deduct from the bank's valuation of the properties the Hidalgo's proportion of the indebtedness \$531, gold, which is substantially equal in amount to the total pet investment in There are three companies: Hidalgo
P. & C. Cu.; Zac alpa Plantation Co.; been used in conjunction with those of combined with numerous errors in judy and, La Zacualpa Plantation Co., all incorporated under the laws of California, but, owing to a Mexican law which well.

Irom the formation of Zacualpa No. I. he followed none in his operations.

"The defects in the organization, during a period of civil war. Is it not ment, eventually brought about the into consideration. Will any one vening, but, owing to a Mexican law which well. present chaotic condition. Any reasonable business arrangement would have made this condition known to the sugar estates in the equities in the sugar estates in the Hawajian shareholders in time to have perm tted lainude today even with no civil war perhaps in the Islands!

over the Harrison rubber and coffee plantations. If there is a more wonincorporation being made in the name of O. H. Harrison, H. W. Smith and others. Harrison also incorporated a "saciedad colectiva" or holding company in which he had full nower to mortgage, convex title to land, etc.

The three Cultifornia companies were farmed on anniagous lines. In Zacual pa No. 1 the shares represented as updivided interest in planted rubber are formed in through the inability of Harrison, H. W. Smith and fice and the interest on all indebteds ness is treated as a charge against the three companies. It is apportioned or cut or liruleed Because their wounds have healed all right is no sign they allow a consultation for the body of the material parts of the fact that the obligation of Hidalgo and No. 1 the shares represented as updivided interest in planted rubber areas for most to companies. The share represented as updivided interest in planted rubber areas for the fact that the obligation of Hidalgo apolic than was that on the material parts of the fact that the obligation of Hidalgo apolic than was that on the material parts of the material parts of the fact that the obligation of Hidalgo apolic than was that on the material parts of the material parts in planted in the interest on all indebteds on the rubber properties. I have note to companies it would be made to induce the mover seen it. There is none to companies were fact that the obligation of Hidalgo and American consult general in Mexico. They are found in the companies were found in the companies will be made at the meeting torial parts in planted in the material parts of the fact than was that on this island. The American consult general in Mexico. There is none to companie and the interest on this island. The American consult general in Mexico. The part of the fact that the obligation of this parts in the companies were found in the companies. The parts is none to companies and the interest on this island. The American consult general in Mexico. The parts is none to companies and the interest on this island. The American consult derful agricultural sight than was that

Plant Industry) upon rabber culture in Central America. In fact the governor of the state of Chiarun, Mexico referred to them as the greatest achievement of his insumbancy of the governor a chair of that plane. Again I say, let us be fair.

Defends Certificates. "There has been much talk of these certificates being mere paper. In reply I state that they have been passed upon invorably legally by no less a person than Tirey L. Ford, farmer attorney general of the State of California. My own attorneys have advised me that they constituted a declaration of trust in the properties in farmer of me that they constituted a declaration of trust in the properties in favor of the certificate heders who were in the position of easters as to the lands. That a technicality in the Mexican laws which do not recognize trust relationships have enabled the officers in violation of the trust to mortgage does not militate against their various as legal documents under United States laws. Mr. Harrison according to the distor report affers to coulty the actual time if sharcholders so desire, no why talk of dim famming. The truth talk of tim-famming. The truth to matter is I suppose that through of the matter is I suppose that through injudicious handling of thances carry in the game, Mr. Harrison found he was involved more heavily than he realized in completing his contract to plant and care per aere and pay interest, so he probably used any method possible to raise money and keep faith with shareholders, expecting through a sale or some other method to recoup all chareholders.

Revolution Spoiled Plans. that if the Madero revolution had beer

the price of subber would have auder the same argument to the concern. Mr. Rippey has been the concern to the c

# Governor Promises To Give Two Good

(From Wednesday Advertiser.) Governor L. E. Finkham addressed a body of representative Hawaiians at Noticy Hall Monday evening, He told "First. That the combined Hidalgo and stater plantations comprise 18,000 necres of planted rubber and 4200 acres of planted coffee, the largest enterprise of the kind in Mexico, if not in the world, under one management.

"Second. That the management their past relationships. He bespoke had complied practically to the letter with all its share contracts with its in his conduct of the allairs of govern tent.
Governor Pinkham discussed the land

question as it affects the Hawaiians. He said that the economic use of land said that the economic use of land should be the governing factor in its disposal. Public lands ought not to be parcelled out in homosteads unless they were going to be used as homes. He is opposed to epouring up lands and allowing title to go to those who would use it solely for speculative purposes.

He said that he intends to appoint two Hawaiians to positions of trust as members of his official family. The Hawaiians, he said, constitute a very imwaiians, he said, constitute a very important portion of the citizenry and they should be given positions of trust within their capacity to govern.

Mayor Fern also spoke at the meeting. The Hawaiian hand was in attendance.

The anpreme court yesterday over report; that the management had been extravagant, that its methods of finance were most extraordinary as is readily apparent, that in plain breach of trust it has mortgaged the properties the fact still remains that even after we deduct from the bank's value. court roled that it is incumbent upon the auditor to show cause or give his proportion of the indebtedness-\$531, reasons for taking the position or ac 673, there remains an equity of \$933,702 tion that he did. The auditor was al lowed to file a written statement, set ting forth his reasons for refusing the elaims or to issue the thirty-four war-rants for \$1700, demanded on the re-funding of the merchandise licenses ordered by an act passed by the legis-lature. The answer must be filed by briday and the case went over until Monday morning at ten o'clock, to which time the supreme court adjourned yesterday.

> A meeting of the Mid-Pacific Carnival association has been called for

(From Wednesday Advertiser.) That local contractors will be given chance to bid on the construction and decoration of the Hawaii building at trial jury will begin, and a large numthe Panama-Pacific Exposition at San ber of criminal cases have been sot Francisco in 1915 was the principal for trial. The first is that of Kurnitem of business decided on at the shima, a Japanese, who killed the busregular weekly meeting of the Hawali band of a woman with whom he had Fair Commission yesterday morning at been intimate, on the pall between Pathe chamber of commerce rooms. . pasion and Laupahochoc. He then Commissioner John A. Hughes escaped and was captured in Kons, af-

brought the matter up when a commu-nication was read detailing Architect Dickey's estimate of what the proposed building would cost. Mr. Hughes spoke strongly in favor of having all bids and estimates submitted to the commission rather than leaving these matters in the hands of an architect. He held that the commissioners

directly responsible to the people for the expenditure of the public's money and he for one wanted to see where every dollar was to be expended and, all things being equal, he wanted the local contractors to be given the preference in the construction and d tion of the building. A motion to this effect was passed unanimously by the commissioners present, they being Chairran H. P. Wood, John A. Hughes, J. N. S. Williams and John Wise. An estimate by Director Potter of the

Honolulu Aquarium showing the probable cost of the construction, maintenance and incidental expenses in connection with the aquarium feature of the Hawaii building was read, placed on file and will be taken up at another meeting of the commissioners. The total aggregated \$6500.

otal aggregated \$6500.

It was decided to hold all future sessions of the commission in the promotion committee rooms at three

o clock on Thursday afternoons.

A letter to Governor Pinkham from Hollis E. Cooley, chief of special features, wherein he asks for Hawaii to eat aside a day during the fair which would be known as Hawnii Day will be taken up at a future meeting of the

commission.
An estimate of \$13,225 submitted by Will J. Cooper, to cover the publicity department of the exposition will be brought up at a future meeting for princing, the commissioners feeling that

There were no marks of identifica-tion on the body and no one answer-ing the description of the decresed has been reported at the police station as being missing.

Jobs to Hawaiians the body was dressed in a three series suit and from all appearances he was a seafaring man of between forty-five and fifty yours of age.

Corener Rose made an investigation Army and the various ships in the har-bor in his ondervors to establish the man's identity.



For every use in preserving

purifying and beautifying the skin, scalp, hair and hands of infants, children and adults, Cuticura Soap and Cuticura Cintment have no rivals worth mentioning. For af-fections of the skin and scalp of young and old that torture, disfigure, itch, burn, crust and scale, they succeed when all clse fails.

Shift throughout the moral Prevent London, Bartermann St. Farr. 10. Bus do in Chain Agillo, America B. Towns & U. Bylas 11. Chain Agillo, America B. Towns & U. Bylas 11. Chain Chair Calletta (Town Hong Roos District Ages, Maryla London, Maryla Landon, Maryla La

# HILO GALENDAR

Many Criminal Cases Await Trial on Big Island-Funds to Carry on Work Are Low.

(Mail Special to The Advertiser) HILO, April 20 .- Tomorrow the sea sion of the Hilo circuit court with a escaped and was contured in Kons, af-ter he had cluded the police for a year and a half. It is possible that he may plead guilty to a charge of nurder in the second degree this morning, which plea will be accepted by the pr

Next in turn is the ease of Kim Ok, a Kurean, who shot a Japanese in the course of a gambling raid in North was accompanying the police officers, and is alleged to have shot an innocent Japanese during the excitement of the raid, a matter which has become quite the usual thing in North Hilo raids. The defendant is charged with assault with a dangere

Meapon.

Hamon Martinez, a Porto Rican, is the third in line. He broke into the depot at Honomu and stole a guitar, for which he must answer to a charge of burglary in the first degree.

Manuel Lito and Julio Riveira, also

Porto Ricans, were involved in the same case, but are to be tried sepa-rately from Ramon. Braulio Ranquillo is a Filipino whe is charged with manslaughter. He am

another Filipino were engaged in a brawl with knives at Pinouna, when the defendant in awinging his knife back to gain force for a stab at his enemy, cut a gash in the arm of an innocent bystander, who expired short-ty afterwards from loss of blood. Tried to Kill Wife.

Sate Yassburg is charged with as-sault with a dangerous weapon. He shot his wife at Wainkes, but failed to do a finished job, and the lady being new quite well.

et. Otaki is a Japanese who Will J. Cooper, to cover the publicity department of the exposition will be brought up at a future meeting for pruning, the commissioners feeling that the estimate was too high.

The remains of a white man, show in the remains of a white man, show ing evidence of having been in the water four or five days, were found in the harbor yesterday morning in the vicinity of the pilot house.

There were no marks of identification of the same of the nurse. The defendant has since married the nurse.

married the nurse.

In addition to this bunch of casthere are ten liquor cases which are be tried during this torm. The forcey cases against John Kenloha a also on the calendar, as Judge Parentist week overruled four of Kealchafty demurrers. However, the hearist being missing.

Coroner Rose made a systematic list week overruled four of kealon search along the waterfront yesterday to establish the identity of the remains. The body was drassed in a bine sorge suit and from all appearances he was a seafaring man of between the was a seafaring man of between that the cases before Judge Pars will be continued until the super court has given its decision. If court has given its decision. If this is against Kealoha, it is likely that the forgery cases against him with be drapped, as soon as he has been sentenced on the embezzlement charge.

Funds at Low Ebb.

As a matter of fact, it is very daarable that the calendar be disposed of with as much dispatch as possible for the great expense which the trial of the Kenicha cases and the cattle stealing cases from Hamakua involved dur-ing the last term of court, has left the funds at a very low abb. The court has a balance on hand of only four hundred dollars, and the supervisors have added to this only \$1000, which will hardly be enough to allow the com-pletion of the work, and there is no likelihood of any further relief from the country. the county owing to the fact that the county has financial troubles of its own.

LOCAL FOLKS AT A FOX HUNT BREAKFAST

The Washington Ster of April 9 has the following society nate: Captain and Mrs. Sturges of Fort

Myer gave a fox hunt and breakfast Sunday last in honor of their house guests, Mr. and Mrs. Walter Dillingham of Honolulu. Among those bidden to enjoy the sport of the chase were Col. Wilber Wilder, Miss Lydin Wilder, Capt. Dunean Elliot, Mrs. J. Borden Harriman, Miss None McAdoo, Lieutenant Milliken, Miss Harrison, Lieutenant Enger, Mrs. Lillney of New York and Counte d'Andelhase. Comte d'Andelause.

About 180 acres of ripe cane adjoining the naval station caught fire and burned Monday afternoon. There was a high wind at the time and the fire spread rapidly. E. Fanon Bishop, president of C. Brever & Company, agents for Honolnin Plantation Company, stated yesterday that the origin of the fire is unknown, but it may have been from a spork from a locumative.

The O. R. & L. Company's tracks are on one side of the field, a wagon road on the other and a construction camp bordering the end. The bouses in the Lord & Young camp at Purion were la danger at one time and were saved with difficulty.

difficulty.

Mr. Bishop said that there will be some loss of sugar. Burned cane munify holds for four or five days, after the said taken which it ferments. As it will take about nine days to grind 180 acres there will be some loss he said.

The \$25,000 damings suit of R. & Bond against the Hawaiian Gazette Company was vesterday ceassigned and transferred by Judge Lyle A. D. kay, who presided at the first trial which resulted in a mistrial, to Judge William Political liam J. Robinson, for trial or any other future disposition.